

Is the Deputy Prime Minister prepared to establish an independent inquiry to look into this matter and to provide the Canadian public with all the facts about this sad affair?

Hon. Tom Hockin (Minister of State (Small Businesses and Tourism)): Mr. Speaker, it is quite inaccurate to say that the government has done nothing about it.

In May 1989 this organization, TIEM Canada, closed its doors but it did not go into either bankruptcy or receivership. The Department of Industry, Science and Technology and CEIC have monitored the winding up of TIEM and have assisted TIEM clients to get alternative support.

This the government has been doing, plus the investigation I mentioned in my first answer.

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GOODS AND SERVICES TAX

Mrs. Beryl Gaffney (Nepean): Mr. Speaker, my question is for the Deputy Prime Minister.

The government makes two assumptions: first, that the value of the MST will be removed from manufactured goods and passed on to the consumer and, second, that Canadians when faced with a rise in the cost of living will not demand higher wages.

Experience has shown that prices will not fall even when old taxes are removed. At a recent national renovators' conference only 44 per cent said that suppliers would pass on some savings.

Given these examples and substantiated studies, why will the government not admit to Canadians that there are no guarantees to protect consumers and that the inflationary assumptions predicted by the government are not even remotely realistic?

Hon. Gilles Loiselle (Minister of State (Finance)): Mr. Speaker, we are very confident that our evaluations are right.

I agree with the hon. member—and we have said so from the outset—that during the transition period we would all, both on the business side and on the labour force side, have to be careful to manage the transition. If everybody were to try to make the best out of it for himself it would create pressures.

Oral Questions

Nevertheless, with the disposition we have in this GST reform to protect fully the buying capacity of lower income people and the vast majority of our citizens, we are confident that there is no need for these pressures to arise if we behave in a responsible manner.

Mrs. Beryl Gaffney (Nepean): With all due respect, Mr. Speaker, I find that answer absolutely incredible.

Last week in Montreal it was shown that the Canadian consumer when faced with a rise in the cost of living will demand higher wages. Some 4,200 members of Canadian Auto Workers employed by Pratt and Whitney Incorporated settled for a three-year contract that provides for an unlimited cost of living allowance designed to protect them from the effects of the GST on consumer prices.

Will the minister admit that his prediction of a bump of 1.25 per cent in the inflation rate when the GST goes into effect does not even include the inflationary effect of wage settlement pressures?

Hon. Gilles Loiselle (Minister of State (Finance)): Mr. Speaker, I believe the hon. member keeps forgetting that the prices of many items will go down considerably. Food prices, for example, will go down.

This is part of the problem: they tell us that Canadians do not support the GST but they go around describing it in a way that would make it unacceptable.

The truth of the matter is that our GST reform is precisely designed to tackle this issue to make sure that the lower income people are fully protected and better off after.

Indeed, with people behaving in a responsible manner, I am fully confident that our provisions will prove themselves to be right.

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FISHERIES

Mr. David D. Stupich (Nanaimo—Cowichan): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

Yesterday the Minister for International Trade told the House that any export permits issued to B.C. herring processors would have been due to our shortage of freezer capacity.